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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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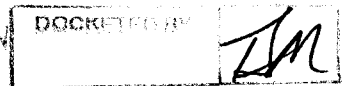
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FEB 22 2013

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL



IN THE MATTER OF THE APPLICATION OF
VALLEY UTILITIES WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY AND
FOR AN INCREASE IN ITS RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO. W-01412A-12-0195

PROCEDURAL ORDER

BY THE COMMISSION:

On May 30, 2012, Valley Utilities Water Company, Inc. ("Valley Utilities") filed with the Arizona Corporation Commission ("Commission") a permanent rate case application using a test year ending December 31, 2011. In addition to requesting a permanent rate increase, Valley Utilities' application requests that the Commission make permanent the Arsenic Remediation Surcharge Mechanism ("ARSM") approved in Decision No. 71287 (October 7, 2009) and set to expire on the earlier of the effective date of the rates established in this proceeding or August 31, 2013.

On July 3, 2012, the Commission's Utilities Division ("Staff") filed a Letter of Sufficiency stating that Valley Utilities' rate application had met the sufficiency requirements as outlined in Arizona Administrative Code ("A.A.C.") R14-2-103 and that Valley Utilities had been classified as a Class B Utility.

On July 5, 2012, a Procedural Order was issued establishing a procedural schedule for this matter, which included a procedural conference to be held on July 20, 2012, for the purpose of discussing the procedural schedule and any additional preliminary issues raised by the parties.

On July 6, 2012, Valley Utilities filed a Motion for Changes to Procedural Order, requesting changes to certain procedural dates.

On July 20, 2012, a procedural conference was held as scheduled at the Commission's offices in Phoenix, Arizona, with Valley Utilities and Staff appearing through counsel. It was determined

1 that the deadlines for prefiled testimony other than rejoinder testimony would be altered as requested;
2 that the deadline for rejoinder testimony would be February 19, 2013; and that the dates for the
3 prehearing conference and hearing would be altered as requested. It was further determined that a
4 Procedural Order would be issued setting forth the revised procedural schedule, with any additional
5 conforming date changes.

6 On July 23, 2012, a Procedural Order was issued establishing the revised procedural schedule
7 for this matter, consistent with the discussions at the procedural conference.

8 On August 24, 2012, Valley Utilities filed Notice of Filing Certificate of Publication and
9 Proof of Mailing, providing that the prescribed notice had been mailed to Valley Utilities' customers
10 on August 16, 2012, and published in the *West Valley View* on August 17, 2012.

11 On December 31, 2012, Staff filed Staff's Motion to Extend Filing Due Date, requesting an
12 extension of the deadline to file Staff's direct testimony, due that day, until January 7, 2013, because
13 of Staff resource constraints.

14 On January 2, 2013, Valley Utilities filed a Response to Staff's Motion to Extend Filing Due
15 Date, expressing its objections to the Motion.

16 On January 3, 2013, Staff filed Staff's Reply Motion, stating that Staff and Valley Utilities
17 had reached a mutually acceptable compromise position that would extend Staff's direct testimony
18 deadline to January 7, 2013, and Valley Utilities' rebuttal testimony deadline to January 25, 2013,
19 while leaving the hearing dates and other remaining procedural dates unchanged.

20 On January 3, 2013, a Procedural Order was issued granting the parties' requested extensions.

21 On January 7, 2013, Staff filed its direct testimony for cost-of-capital and engineering.

22 On January 9, 2013, Staff filed its direct testimony for revenue requirement and rate design.

23 On January 25, 2013, Valley Utilities filed its rebuttal testimony.

24 On February 8, 2013, Staff filed its surrebuttal testimony for cost-of-capital and engineering.

25 On February 11, 2013, Staff filed its surrebuttal testimony for revenue requirement and rate
26 design.

27 On February 13, 2013, Staff filed Staff's Notice of Settlement Discussions, stating that Staff
28 and Valley Utilities might enter into settlement discussions, initiated by Valley Utilities, on or after

1 February 19, 2013.

2 On February 20, 2013, Valley Utilities filed its rejoinder testimony.

3 On February 21, 2013, Staff filed Notice of Settlement, stating that the parties had settled, that
4 they were in the process of drafting a formal settlement agreement, and that they would like to use the
5 prehearing conference scheduled for February 22, 2013, to finalize the procedural schedule going
6 forward.

7 On February 22, 2013, the prehearing conference was held as scheduled at the Commission's
8 offices in Phoenix, Arizona, with Valley Utilities and Staff appearing through counsel. The parties
9 confirmed that they had reached settlement and stated that they expected to sign a settlement
10 agreement by February 25, 2013. Discussion ensued about requirements for supportive testimony
11 and hearing dates, and it was resolved that the settlement agreement would be filed once executed;
12 that the hearing on February 27, 2013, would proceed only for the taking of public comment; that the
13 other scheduled hearing dates would be vacated; that prefiled testimony supporting the settlement
14 agreement would be filed by March 7, 2013; that the hearing on the settlement agreement would be
15 held on March 19, 2013; and that the Commission's time frame for this matter would be extended
16 accordingly.

17 IT IS THEREFORE ORDERED that the hearing scheduled for 10:00 a.m. on **February 27,**
18 **2013,** shall proceed only for the taking of **public comment.**

19 IT IS FURTHER ORDERED that the hearing dates of **February 28 and 29, 2013,** are hereby
20 **vacated.**

21 IT IS FURTHER ORDERED that Valley Utilities and Staff shall ensure that copies of the
22 executed **settlement agreement** for this matter are **filed** in this docket **within 24 hours after**
23 **execution.**

24 IT IS FURTHER ORDERED that Valley Utilities and Staff shall each **file testimony**
25 supporting the settlement agreement by **March 7, 2013.**

26 IT IS FURTHER ORDERED that the **hearing** in this matter shall proceed on **March 19,**
27 **2013, at 10:00 a.m.** in Hearing Room No. 2 at the Commission's offices in Phoenix, Arizona.

28 IT IS FURTHER ORDERED that the Commission's **time frame** for issuing a decision in this

1 matter is hereby **extended by 20 days**.

2 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
3 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
4 hearing.

5 DATED this 22nd day of February, 2013.

7
8 
9 SARAH N. HARPRING
ADMINISTRATIVE LAW JUDGE


10 Copies of the foregoing mailed/delivered
this 22nd day of February, 2013, to:

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26
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